

### New England America's Newest Trans-Pacific Gateway



Japanese Market

### Japan in general

- Over 3,000 islands. 4 largest islands accounts for 97% of Japan
- Capital is Tokyo and is the largest metropolitan city in the world with 13 million residents
- Tokyo is half of the size of New York City, and has twice as many people
- •Has world's 2<sup>nd</sup> largest economic power



### Japanese people in general

- Japanese are the most ethnically and culturally homogeneous nation in the world with a shared language, religion and values
- 99% of people living in Japan are of Japanese nationals
- Their cultural values focus on relationships with trust
- Not risk takers
- Popularity moves numbers

#### International travel after Fukushima

- March 11, 2011 a 9.0 earthquake hit the northeastern coast of Japan
- March: Overseas travel 
   \( \sum\_{25\%} \)
- April: "Cheer up Japan, Smile thru Travel" Campaign
- July: Bookings ↑ 4.3%
- Final number for overseas travel for 2011 ↑ 2.1%
- 2012 Outlook:
   Overseas travel expected ↑ 5%



# International visitation to U.S in 2010 – By country

Canada

UK

Japan

Germany

France

Italy

Ireland

20,000,000

3,800,000

3,400,000

1,700,000

1,300,000

837,000

362,000

Source: U.S. Dept. of Commerce/OTTI

### International visitation in 2011

Rank	State	2010 share	2010 # (000)	2011 share	2011 # (000)	Change
1	New York	32.8%	8,647	34.1%	9,508	10%
2	California	21.3%	5,615	22.0%	6,134	9%
3	Florida	22.1%	5,826	20.4%	5,688	-2%
4	Nevada	9.5%	2,504	10.3%	2,872	15%
5	Hawaii	8.1%	2,135	8.2%	2,286	7%
6	Massachusetts	4.9%	1,292	5.1%	1,422	10%
7	Texas	3.9%	1,028	4.6%	1,283	25%
8	Illinois	4.5%	1,186	4.5%	1,255	6%
9	Guam	5.0%	1,318	4.4%	1,227	-7%
10	New Jersey	3.7%	975	3.5%	976	0%

Source: U.S. Dept. of Commerce/OTTI

### Visitation number from Japan in 2010

- 3.4 million visitors to the U.S.
- 16% increase from 2010
- 1.7 million to mainland U.S.
- 71,000 visitors to Massachusetts

### Japanese expenditures

- Estimated Spending in MA: \$78 million
- \$14.6 billion was spend in the U.S. in 2010-2<sup>nd</sup> largest after Canada
- Average spending per person \$3,500 per trip (5night stay)- highest among international visitors
- US dollar is 20% weaker in 2012 against
   Japanese Yen compared with 2009

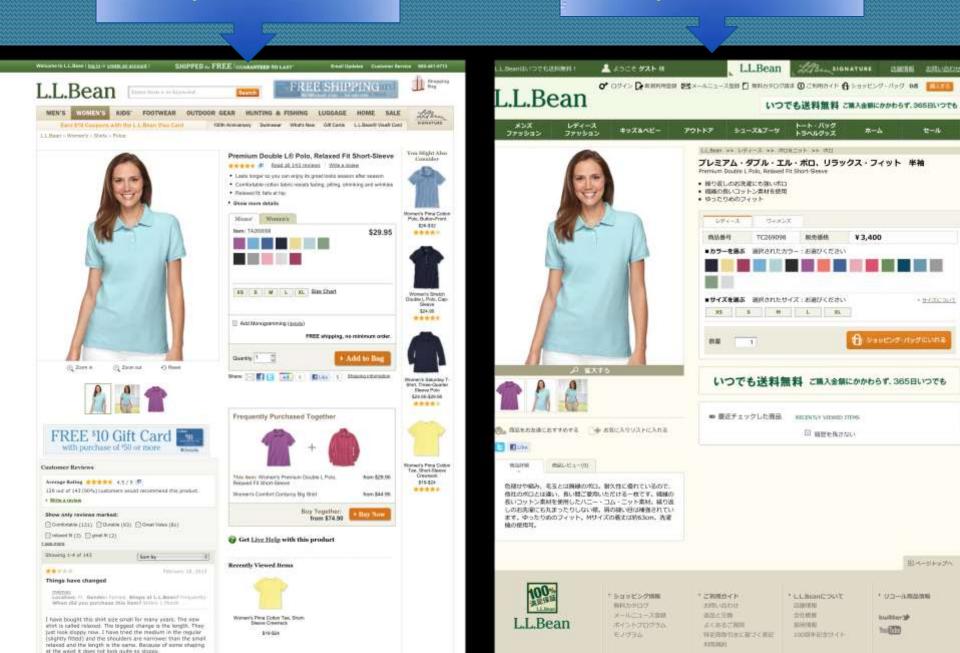
Source: U.S. Dept. of Commerce/OTTI

### Cost in Japan

- The cost of things are much more expensive in Japan compared to the U.S.
- A taxi meter in Tokyo starts at \$9
- Gas costs about \$6 per gallon
- Average round of golf is \$200
- Coach, Prada and other brands cost twice as much

\$29.95

#### \$44.00



### **Duration of trip**

- Japanese take shorter vacations
- Most companies give 2~3 week vacation, however most Japanese do not take that time
- In 2010 Japanese visitors spent on average 8.4 days in the US
- In 2010 an average decision time was 60 days
- Typical length in New England is 5 nights, 7 days

# Japanese holidays 3 major periods

- Golden Week- End of April ~ early May. During this period, 4 public holidays are observed
- Summer Obon holiday- Around August 15<sup>th</sup>
- Year End/ New Year Holiday- most businesses close between December 28~January3
- Thanksgiving and Christmas are not holidays
- Summer vacation for schools is just 1 month in August

### Top 5 preferred things to do

- Shopping
- Local cuisine/Dining
- Sightseeing
- Nature and scenery
- Visiting historical sites

### What are Japanese visitors like

- Relaxing is not a definition of their vacation
- Beaches and spas don't attract them
- They would like to keep moving all day everyday
- Want to see as many places as possible in 1 trip
- Want to visit places that are famous worldwide

#### **Benefits**

- Shorter vacation time, but spends the most
- Covers large areas in short period of time
- Do not hang out at beaches and pools
- Shopping is the most preferred activities

### Stay away from things that are Japanese

- Japanese gardens and Japanese festivals
- Unless you have world history in your backyardlike Portsmouth Peace Treaty, MFA's Hokusai Collection, John Manjiro Friendship House, Black Ships Festival

### How do Japanese travelers book vacations?

- Average booking time is 60 days
- Rely on internet for gathering information only
- Use travel agents for actual booking
- Combined packages with NYC & Washington, D.C.
- Prefer Japanese-speaking guides

### Definition of "Group"

- Term "Group" starts with 2 people up to 20
- Package Tours = 50.7% of total travelers
- 55% of packages to the U.S. are "full" package tours including airfare, accommodations, escorted guided tours
- 44% of packages to U.S. are "free time" packages (air/lodging only)

### FIT and Fly-Drive

- FIT: Stands for Foreign Independent Traveler
- Up to each hotel to contract rates for FIT or Group
- Fly-Drive: Not to the east coast

### Market demand

- Silver market: Ages 60~69, top growing market
- 40.3 million in 2011 (31.5% of the total population)
- Projection: by 2015, one out of every three people
- Life expectancy: longest in the world
- Has the economic power of \$800 billion
- Has time to travel

### What does "Silver" like to do

- Prefers full package tour
- Japanese-speaking tour conductor- entire trip
- Mid-high end hotels: safety and comfort is their prime consideration
- SIT (Special Interest Tours): Participation in activities like hiking, gourmet, quilting, drawing, train tours, sports, arts and etc.

### NEW Japan Airlines (JAL) Tokyo-Boston Direct Service JAL/AA partnership

Started April 22, 2012 @ 4 flights/week • Boeing Dreamliner • 13.5 Hour Flight

•Will shave 6 hours off the time it takes to get to Boston now!

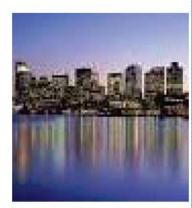


### Flight Schedule



Daily service begins on June 1, 2012 Mileage: 6,869 miles (one way)

Flight No.	Operation	Flight Schedule			
JL007 / AA5921	Daily*	Boston 13:20 →	Tokyo (Narita) 16:00 (Next day)		
JL008 / AA5922	Daily*	Tokyo (Narita) 11:30	→ Boston 11:20		



- \* Flights operate on Mondays, Wednesdays, Fridays and Sundays until May 31, 2012.
- All times are local. Schedules and aircraft are subject to change without notice.
- Schedule subject to government approval.

4 flights per week from April 22<sup>nd</sup> ~ May 31<sup>st</sup> Daily starting June 1st 186 passengers each way

# Easy connections through Tokyo's Narita Airport to other major cities in Japan

Osaka- 2 airports

Nagoya

Fukuoka

Sapporo

Okinawa

# Easy connections through Tokyo's Narita Airport to 14 other cities in Asia

Beijing Hong Kong

Shanghai Taipei

Busan Seoul

Singapore Delhi

Bangkok Manila

Hanoi Ho Chi Minh City

Jakarta Kuala Lumpur

### JAL flight so far

- Average load factor at 85%
- Every flight is close to sell out
- June ~ August at 80% as of today

## What does JAL non-stop flight to New Hampshire mean?

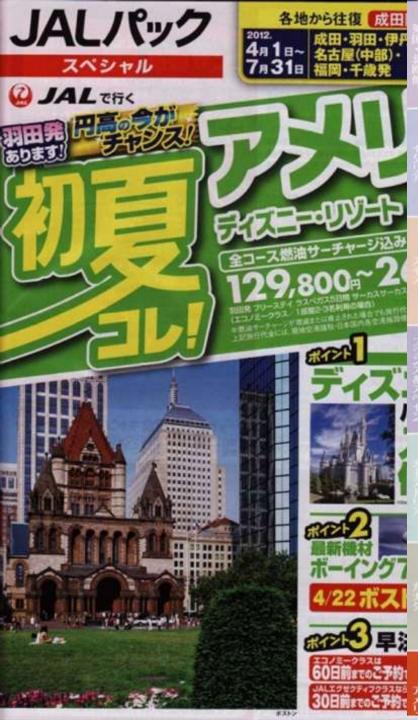
- JAL sees Boston flight as a gateway to New England
- Tour companies are creating tours not only to Boston, but to all of New England

### **JALPAK**

- JALPAK is Japan Airline's in-hour travel company
- J-Pac in Los Angeles is their US receptive operator
- Total Travel & Excursions in Cambridge is J-Pac's Boston receptive operator
- 2,000 room nights in Boston in April & May
- 1,400 room nights in Boston booked in June so far
- Stowe, VT 40 room nights so far







サウンド・オブ・ミュージックでおなじみの トラップ・ファミリーゆかりのロッジに3連泊! 東部アメリカ・バーモント州の小さなチロル



#### ツアーポイント!

- ●映画「サウンド・オブ・ミュージック」でお馴染みのトラッ ブー家がアメリカのバーモント州に移住して作った、グ ループではなかなか予約のできないことで有名なロッ ジに3連泊して、ニューイングランド地方を満喫する画 期的なツアーです。全米はもちろん、世界に名を知られ た一家の経営する、高級ロッジで、「小さなチロル」をお 楽しみ下さい。
- ●旅の締めくくりは、大西洋岸の港町・ボストンです。「フ リーダム・トレイル」と呼ばれる歴史散策路の一部を散 策し、名物のロブスターとクラムチャウダーで旅の思い 出を語らいながらのディナーをお楽しみ頂きます。



9n 9n(m) 468,000n ●重要機能の資子を減分ーティーシ目を開発 50,000 円 (抽画・バーリングン・ガストン・曲目機・1 1年 11月 20 日前の) が利益金額となります。他、今後の影響を移る場合を整ち出しまた。理察 たは減乏は多年的ためではます。

◆他田学施設的同時 - 物面保管サービス所(2.540円)および開始度機能(7,500円)は銀行代金 に含まれます。

(シングル) 98,000m ビジネスクラス利用温知料金 (成団〜デトロイト/ニューヨーケー成田間) 360,000m

- ス性実を配ケービス付くカー人様一個 ◆数し特別を目だすに「うくらく集合 6 等数 スーツケース性◆利用予定ホテル「P56 のホテルリストをご参照ください。 (アメリカ人間に関して平成り1巻1巻1を記述。 数子製料開放システム・(形する) が必要と知りました 第1、数字数とものがますが整合すしは下さい。 おおてい、けは野社にてお学者を含せて紹介ます。 数学





# Things in New Hampshire that will interest Japanese

- Outlet shopping
- State Parks
- Museums with world famous exhibits
- Historical buildings
- Animal watching
- Skiing
- Lobsters and other seafood
- Gardens and flower festivals
- Hiking/Trekking

### **Market characteristics**

- Long term commitment to built trust and relationship
- Establishing relationships with tour operators- need to built their trust before you can start doing business
- Minimum 2 years, otherwise don't bother
- Face-to-face meeting is valued
- Cold calling is not appropriate- most times they will not accept blind contacts over telephone/e-mail unless you have a referral from someone they trust
- Have some of your information in Japanese

### Characteristics of tour planners

- Want an immediate response- within 24 hours
- If they don't hear back, they'll move on
- Don't like to complain/confront
- Make it easy for them- package things

### **Market entry**

- Get to know Boston based receptive operators
- All hotel contracts are made through NYC or LA based receptive operators
- Tour operators/wholesaler in Tokyo make the final decisions
- All tour brochures are created/printed in Tokyo

#### Tourism "Food Chain"

Consumer

#### **Travel Agent**

"Front Person" - sells package tours from tour operators directly to the consumer.

#### **International Tour Operator**

Packages all elements of tour and travel products together and/or buys packages from Receptive Operators. Sells via travel agents.

#### **Receptive Operator**

US-based companies that specialize in packaging services for International Tour Operators. Contract directly with accommodations, transportation, attractions, events, and all amenities. Consolidates billing. "One-stop shop."

#### **Suppliers**

Lodgings and attractions.

### Travel companies in Japan

- There are more than 9,600 travel companies in Japan, including tour operators and travel agents
- JALPAK is Japan Airlines in-house travel company
- J-Pac is JALPAK's receptive operator in Los Angeles
- Five largest companies are; Japan Travel Bureau (JTB), Kintetsu International (KNT), Nippon Travel Agency (NTA), JALPAK and ANA.

### Tour brochures

- 90% of consumers buys through tour brochures
- Tour brochures are published twice a year except for seasonal brochures
- Kamiki (April ~ October) Shimoki (November ~ March)
- Kamiki brochures are planned in August/September
- Shimoki brochures are planned in March/April
- Need info 8~10 months in advance

### Seasonal brochures

- Things that can not be done for the entire brochure period, April ~ October and November ~ March
- Fall foliage
- Ski/Snowboards
- Flower Festivals
- Christmas/Thanksgiving events
- Harvesting/fruit picking

### Outbound travel from Boston and New York

- 10,000 Japanese live in Greater Boston
- 150,000 Japanese live in New York and New Jersey area
- They use Japanese travel agencies in these cities to book their weekend/holiday vacations and incentive trips

# Airlines- 32 flights daily between Tokyo and the U.S.

- Delta has the most routes to US from Tokyo with 10 flights daily; Detroit (3 daily), Minneapolis, Atlanta, NY, Seattle, Portland, LA, San Francisco
- American- 5 flights; Dallas (2 daily), Chicago, JFK
   (2 daily)
- United- 6 flights; Houston, Newark, JFK, Chicago, LA, San Francisco
- All Nippon Airways- 7 flights; JFK, Chicago, DC, LA, San Francisco, Seattle, San Jose
- Japan Airlines- 4 flights; Chicago, JFK, LA, San Francisco

# Airline connections into other New England airports

Delta: JFK and Detroit

JetBlue: JFK

United: Newark, JFK, Chicago

### **Cultural differences- Hotel**

- Beds- Requires a room with 2 beds, even for married couples and honeymooners. It is considered to be not healthy to share a bed.
- A king size bed with a pull out is not acceptable
- Requires a bathtub
- •DO NOT attempt to prepare Japanese breakfast unless you know for sure it is correctly prepared.

### Cultural differences- Restaurants

- Large portion of food gives a negative impressioncut the portion in half.
- Fruit is the most popular dessert
- Most cakes, cookies and ice cream are too sweet
- Seafood and local cuisine are preferred

### Cultural differences-Retail Stores/Museum Shops

- Gift giving culture- It is customary to bring gifts back to family, friends and co-workers from a trip
- Very common for tourists to purchase 20 of same items and ask for 20 bags
- •This custom makes the Japanese spend on average twice as much on gifts and souvenirs than other overseas visitors to the United States.

### Consistency

- JALPAK is being cautious- expanding slowly
- No guarantee for business
- Be patient and be consistent
- Keep in contact with Boston, NYC and LA receptive operators
- Long-term commitment

### Japanese Marketing Programs Questions?

Shoko Hirao
Global Consulting
shoko.global@Gmail.com